## Message Text

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**ACTION EUR-12** 

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /084 W

----- 086182

PR 241442Z MAR 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 2886

INFO AMEMBASSY BELGRADE

AMEMBA ZY BERLINH

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMCONSUL MUNICH

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: ECON, ECIN, PFOR, PINT, HU

SUBJ: HSWP ENDS 11TH PARTY CONGRESS

1. SUMMARY: HUNGARIAN SOCIALIST WORKERS' PARTY (HSWP)
ENDED ITS 11TH PARTY CONGRESS MARCH 22 AFTER NEWLY-ELECTED
125-MAN CENTRAL COMMITTEE HAD CHOSEN JANOS KADAR AS FIRST
SECRETARY, 12 OTHER MEMBERS OF POLITBURO, 6 MEMBERS OF
SECRETARIAT, AND MEMBERS OF CENTRAL CONTROL COMMISSION.
PARTY DEBATTED FOR SIX DAYS OVER TASKS CONNECTED WITH
CONSTRUCTION OF HIGHLY DEVELOPED SOCIALIST SOCIETY IN
HUNGARY, ADOPTED NEW PROGRAM DECLARATION ON THIS OBJECTIVE,
PASSED CONGRESS RESOLUTIONS, AND APPROVED MODIFICATION
OF PARTY STATUTES. END SUMMARY.
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- 2. ON MORNING OF MARCH 22 IN CLOSED SESSION NEW CC ELECTED FOLLOWING AS MEMBERS OF SECRETARIAT: JANOS KADAR (FIRST SECRETARY), BELA BISZKU, ANDRAS BYENES, IMRE GYORI, KAROLY NEMETH, MIKLOS OVARI, AND ARPAD PULLAI. ONLY CHANGE IS ADDITION OF GYENES. NEW POLITBURO INCLUDES GYORGY ACZEL, ANTAL APRO, VALERIA BENKE, BISZKU, JENO FOCK, SANDOR GASPAR, KADAR, DESZO NEMES, AND KAROLY NEMETH (9) FROM PREVIOUS POLITBURO. NEWCOMERS (4) ARE GYORGY LAZAR, VICE PREMIER AND PERMANENT HUNGARIAN REPRESENTATIVE ON CEMA; OVARI, HSWP'S AGIT-PROP EXPERT; LASZLO MAROTHY, SECRETARY OF HUNGARIAN COMMUNIST YOUTH LEAGUE (KISZ); AND ISTVAN SARLOS, SECRETARY-GENERAL OF PATRIOTIC PEOPLES FRONT. OUSTED AS MEMBERS (3) OF POLITBURO WERE GYULA KALLAI, CHAIRMAN OF PATRIOTIC PEOPLES FRONT;/.\*94.34;8:3 043.834 )-'9S FEHER; AND RESZO NYERS, ARCHITECT OF NEW ECONOMIC MECHANISM (NEM). DEPARTURE FOR POLITBURO OF LATTER TWO WHO FIGURED PROMINENTLY IN GOVERNMENT AND PARTY SHUFFLE OF LAST MARCH WAS NOT UNEXPECTED. POLITBURO NOW AGAIN HAS 13 MEMBERS.
- 3. CONGRESS RESOLUTION IN SEVEN SECTIONS SPELLS OUT STANDS TAKEN BY CONGRESS WITH REGARD TO PARTY'S WORK AND TASKS AHEAD. KEY POINTS ARE FOLLOWING: (A) INTERNATIONAL SCENE -- IN RECENT YEARS INTERNATIONAL SCENE HAS CHANGED IN FAVOR OF SOCIALISM AND PROGRESS. HUNGARY AND HSWP HAVE CARRIED ON AN ACTIVE FOREIGN POLICY. HUNGARY SHARES IN DEFENSE EFFORT OF WARSAW PACT WHICH RELIABLY GUARDS SECURITY OF SOCIALIST COUMMUNITY. (B) SOCIALIST DEVELOPMENT -- PACE AND EFFECTIVENESS DEPENDS ON INCREASING UTILIZATION OF STATE AND COOPERATIVE-OWNED MEANS OF PRODUCTION. STATE PROPERTY PLAYS DETERMINING ROLE IN SOCIALIST ECONOMY WHILE COOPERATIVES ALSO FILL IMPORTANT ROLE IN AGRICULTURE, INDUSTRY, TRADE, AND SERVICES. STATE RECOGNIZES AND SUPPORTS PERSONAL PROPERTY ACQUIRED THROUGH WORK BUT WILL ACT AGAINST AMASSING OF INCOME IN VIOLATION OF SOCIALIST PRINCIPLES AND IN SPECULATIVE MANNER. (C) FIFTH FIVE-YEAR PLAN -- POLICY MUST ENSURE DEVELOP-
- (C) FIFTH FIVE-YEAR PLAN -- POLICY MUST ENSURE DEVELOP-MENT OF ECONOMY IN HARMONY WITH LONG-TERM AIDS. NATIONAL LIMITED OFFICIAL USE

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INCOME BETWEEN 1976-1980 IS TO INCREASE BY 30 PERCENT, INDUSTRIAL PRODUCTION BY 30-35 PERCENT, BUILDING INDUSTRY PRODUCTION BY 35-37 PERCENT, AND AGRICULTURAL PRODUCTION BY 16-18 PERCENT. UNFAVORABLE WORLD MARKET TRENDS NOT JUST TRANSITIONAL; SOCIALIST CONOMY CAN WARD OFF IMPACT TO CERTAIN EXTENT BUT INCREASED ATTENTION MUST BE PAID TO BETTER UTILIZATION OF AVAILABLE DOMESTIC RESOURCES. WHILE LASTING CHANGES IN WORLD MARKET PRICES SHOULD

AFFECT DOMESTIC PRODUCER PRICES, THERE MUST BE PROVISION FOR REGULAR INCREASE IN LIVING STANDARD. WITHIN COMECON HSWP PROMOTES SOCIALIST ECONOMIC INTEGRATION. ECONOMIC AND TRADE RELATIONS WITH CAPITALIST COUNTRIES SHALL BE EXPANDED BUT BASED ON MUTUAL ADVANTAGE AND WITHOUT DISCRIMINATION.

- (D) LIVING STANDARDS -- REAL INCOME WILL HAVE INCREASED BY 24 PERCENT BY END OF 1975. UNDER FIFTH FIVE-YEAR PLAN (1976-1980) REAL INCOME SHOULD INCREASE 23-25 PERCENT
- (E) IDEOLOGICAL AND CULTURAL WORK -- THEORETICAL WORK SHOULD PROVIDE A CLEAR OUTLINE TO HSWP'S SOCIALIST PERSPECTIVE. MARXIST CRITICISM MUST BE LEVELED AT RIGHTIEST, ULTRA-RADICAL, DOGMATIC VIEWS, AT NATIONALISM AND COSMOPOLITANISM IDEOLOGICAL EDUCATION AND INSTRUCTION MUST BE IMPROVED.
- (F) PARTY -- TRUE TO PRINCIPLES OF DEMOCRATIC CENTRALISM HSWP MUST CONTINUE TO ENSURE LENINIST NORMS AND COLLECTIVE LEADERSHIP IN PARTY. FOLLOWING DEMOCRATIC DISCUSSION DECISIONS, BINDING ON ALL, MUST BE UNIFORMLY INTERPRETED. MORE MANUAL WORKERS, YOUNG PEOPLE AND WOMEN MUST BE ELECTED TO LEADING PARTY AND STATE BODIES. PARTY CARDS WILL BE EXCHANGED BY END OF 1976.
- (G) WORLD COMMUNIST MOVEMENT -- COHESION OF WORLD COMMUNIST MOVEMENT AND OF ALL ANTI-IMPERIALIST FORCES IS INSEPARABLE FROM IDEOLOGICAL AND POLITICAL FIGHT AGAINST OPPORTUNISN, ITS RIGHTIST AND PSEUDO-LEFTIST AS WELL AS NEW LEFTIST VARIANTS. THERE MUST BE A SEVERE REBUFF TO CHAUVINISTIC, NATIONALISTIC, AND ANTI-SOVIET VIEWS, ESPECIALLY DANGEROUS TO UNITY OF INTERNATIONAL COMMUNIST MOVEMENT. HSWP CONDEMNS IDEOLOGY AND POLITICAL PRACTIVE OF MAOIST LEADERSHIP.

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4. ASSESSMENT OF SIGNIFICANCE OF PERSONNEL CHANGES IN HSWP LEADING ORGANS FOLLOWS SEPTEL. PEDERSEN

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